

## Message Text

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ACTION OES-07

INFO OCT-01 EUR-12 ISO-00 PM-04 NSC-05 SP-02 SS-15  
H-01 FEA-01 ACDA-07 CIAE-00 INR-07 IO-13 L-03  
NSAE-00 EB-07 NRC-05 DODE-00 /090 W  
-----020916Z 033612 /15/45

R 011452Z JUN 77  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC 0006  
INFO ALL EC CAPITALS  
AMEMBASSY VIENNA  
ERDA WASHDC  
ERDA GERMANTOWN

C O N F I D E N T I A L SECTION 1 OF 2 BRUSSELS 05535

USEEC

C O R R E C T E D C O P Y (TEXT--PARA TWO)

PARIS ALSO FOR USOECD

VIENNA FOR USIAEA

E.O. 11652: GDS  
TAGS: TECH, ENRG, EEC  
SUBJECT: EC COMMISSION COMMUNICATION ON NUCLEAR ENERGY POLICY

REF: EC BRUSSELS 5388 (NOTAL)

1. SUMMARY. THE MISSION HAS RECEIVED A COPY OF A COMMUNICATION FROM THE EC COMMISSION TO THE EC COUNCIL ENTITLED "THE COMMUNITY AND THE INTERNATIONAL NUCLEAR ENVIRONMENT", DATED MAY 13. THE COMMUNICATION, WHICH HAS NOT YET BEEN PUBLICLY RELEASED, REVIEWS PROBABLE U.S. NUCLEAR ENERGY POLICY AND PROGRAMS AS SET FORTH BY PRESIDENT CARTER, BUT ALSO AS REFLECTED IN SEPARATE BILLS PRESENTED TO CONGRESS.  
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IT EXAMINES THE AREAS WHERE SUCH POLICIES AND PROGRAMS WOULD IMPINGE ON EC INTERESTS AND STATES THE BROAD CONCEPTS WHICH SHOULD GOVERN THE COMMUNITY'S POSITION IN FORTHCOMING INTERNATIONAL CONSIDERATIONS OF NUCLEAR MATTERS. IT CONCLUDES BY CALLING ON THE COUNCIL "TO TAKE ACTION ON THE CONTENT OF THIS MEMORANDUM" AND BY NOTING THE INTENTION OF THE COMMISSION TO SUGGEST "APPROPRIATE

PROPOSALS TO GIVE CONCRETE EFFECT TO THE CONCEPTS SET OUT IN THIS COMMUNICATION." END SUMMARY.

2. EC COMMISSIONER BRUNNER'S OFFICE HAS PROVIDED US AN ADVANCE COPY OF THE COMMISSION'S COMMUNICATION TO THE COUNCIL ON NUCLEAR ENERGY DEVELOPMENTS. THIS REPORT, WHICH IS CLEARLY THE BASIS FOR THE REMARKS BY A COMMISSION OFFICIAL REPORTED REFTEL, CONSISTS ESSENTIALLY OF COMMENTS ON PROBABLE US NUCLEAR ENERGY POLICY. THE COMMISSION, ACCORDING TO THE COMMUNICATION, INTENDS TO PRESENT TO THE COUNCIL BEFORE THE END OF JUNE ADDITIONAL COMMUNICATIONS DEALING WITH: (1) "NEGOTIATIONS FOR THE UPDATING OF THE EURATOM/US AGREEMENT;" (2) THE COMMUNITY'S POSITION TOWARDS THE INTERNATIONAL NUCLEAR FUEL CYCLE EVALUATION PROGRAM (INFCEP); AND (3) COMMUNITY "TRENDS/ REGARDING BREEDER REACTORS, REPROCESSING, AND STORAGE OF RADIOACTIVE WASTES. COPIES OF THE COMMUNICATION ARE BEING POUCHED TO THE DEPARTMENT (EUR/RPE AND OES/NET) ERDA AND FEA.

3. AFTER REVIEWING THE PRESIDENT'S NUCLEAR ENERGY PROPOSALS, AS WELL AS SEPARATE PROPOSALS BEING CONSIDERED BY THE U.S. CONGRESS AND THE NEW US GUIDELINES FOR EXPORT OF HIGHLY ENRICHED URANIUM (HEU), THE COMMISSION'S COMMUNICATION NOTES THAT THESE ARE LIKELY TO CREATE "SERIOUS PROBLEMS/ FOR THE COMMUNITY AND ITS MEMBER STATES. IT STATES THAT THESE MEASURES GIVE RISE TO A GREAT MANY "PERPLEXITIES" AND ASKS WHETHER THEY WILL REALLY ADVANCE THE AIMS OF THE NEW ADMINISTRATION, CONFIDENTIAL

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WHETHER THEY ARE ALL NECESSARY, AND WHETHER THEY ARE BASED ON RELIABLE DATA. THE COMMUNICATION ALSO STESSES THAT IT IS ESSENTIAL FOR THE COMMUNITY TO ASSESS THE FULL CONSEQUENCES OF THE PROPOSED US POLICY, PARTICULARLY IF DURING THE UPCOMING NEGOTIATIONS THE COMMUNITY SHOULD FAIL TO COME UP WITH"ANY OTHER MORE BALANCED PROPOSALS." AMONG THE SERIOUS CONSEQUENCES NOTED IN THE COMMUNICATION ARE: (A) IF THE US SUCCEEDS IN "IMPOSING AT THE WORLD LEVEL" AN INDEFINITE SUSPENSION OF NUCLEAR REPROCESSING, THE COMMUNITY'S REQUIREMENTS FOR NATURAL AND ENRICHED URANIUM WOULD INCREASE BY ABOUT 10 PERCENT; THE PROBLEM OF ADEQUATE STORAGE CAPACITY FOR IRRADIATED FUEL ELEMENTS WOULD BE AGGRAVATED; THE INTRODUCTION OF FAST BREEDER REACTORS ON A COMMERCIAL SCALE WOULD BE DELAYED; AND THE EUROPEAN NUCLEAR INUSTRY WOULD NOT BENEFIT FROM ITS LEADIN NUCLEAR PROCESSING AND FAST BREEDER REACTOR DEVELOPMENT AND WOULD LOSE THE COMPETITIVE ADVANTAGE FROM PROVIDING NUCLEAR FUEL SERVICES. FURTHERMORE, THE PLANNED LARGE SCALE DEVELOPMENT OF NUCLEAR ENERGY WOULD BE QUESTIONABLE IF

THE COMMUNITY WERE FORCED TO CONTINUE TO DEPEND FOR 80 PERCENT OF ITS SUPPLY OF URANIUM ON FOREIGN SOURCES BY ABANDONING PLUTONIUM FUELED-BREEDER REACTORS.

(B) OTHER MEASURES RECOMMENDED BY SOME MEMBERS OF CONGRESS DISCRIMINATE BETWEEN NUCLEAR AND NON-NUCLEAR WEAPON STATES AND WOULD PRECLUDE ACCESS BY SEVEN OF THE NINE MEMBER STATES TO "SENSITIVE"NUCLEAR TECHNOLOGIES CONTRARY TO THE EEC TREATY AND TO "THE SPRIT AND ALL THE PROVISIONS OF THE EURATOM TREATY." SUCH A MEASURE WOULD JEOPARDIZE THE EURATOM GOAL OF "DEVELOPING A POWERFUL NUCLEAR INDUSTRY" WITHIN THE COMMUNITY AND WOULD HARM BILATERAL OR MULTILATERAL COOPERATION BETWEEN EC NUCLEAR INDUSTRIES.

(C) A GRADUAL TERMINATION OF DELIVERIES OF HEU MIGHT HARM RESEARCH REACTORS OPERATING THE EC AND JEOPARDIZE DEVELOPMENT OF ADVANCE REACTORS, E.G., HIGH TEMPERATURE CONFIDENTIAL

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REACTORS.

(D) IF THE APPLICATION OF IAEA SAFEGUARDS IS REQUIRED IN RESPECT TO TRANSFERS TO NUCLEAR WEAPONS STATES, THE MEMBER STATES WOULD BE PREVENTED FROM SUPPLYING FRANCE WITH NUCLEAR MATERIALS OR EQUIPMENT OF U.S. ORIGIN CONTRARY TO THE EEC AND EURATOM TREATIES.

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ACTION OES-07

INFO OCT-01 EUR-12 ISO-00 ACDA-07 CIAE-00 INR-07 IO-13

L-03 NSAE-00 NSC-05 EB-07 NRC-05 FEAE-00 DODE-00

SS-15 PM-04 SP-02 H-01 /089 W

-----011838Z 025704 /45

R 011452Z JUN 77

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 0007

INFO ALL EC CAPITALS

AMEMBASSY VIENNA

ERDA WASHDC

ERDA GERMANTOWN

C O N F I D E N T I A L SECTION 2 OF 2 BRUSSELS 05535

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4. THE COMMUNICATION NOTES THE "ABOVE CONSIDERATIONS SHOW THAT, IN THE FORTHCOMING INTERNATIONAL CONSULTATIONS, INTERESTS WILL BE AT STAKE WHICH ARE OF PARAMOUNT IMPORTANCE BOTH TO THE MEMBER STATES AND TO THE COMMUNITY AS SUCH." DECISIONS WILL EMERGE WHICH MAY AFFECT "FIELDS IN WHICH THE COMMUNITY HAS RESPONSIBILITIES AND POWERS" AND WHICH "MIGHT HAVE A DECISIVE EFFECT ON THE EC'S ABILITY TO PURSUE THE OBJECTIVES LAID DOWN BY THE TREATIES." AS A RESULT, THE COMMUNITY AND THE MEMBER STATES SHOULD MAKE ADEQUATE PREPARATIONS TO UPHOLD THEIR INTERESTS AS EFFECTIVELY AS POSSIBLE.

5. THE COMMISSION SUGGESTS IN THE COMMUNICATION THAT THE COMMUNITY ATTITUDE IN THE FORTHCOMING INTERNATIONAL

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CONSULTATIONS SHOULD BE BASED ON THE FOLLOWING CONCEPTS:

(A) AMONG THE SUBJECTS TO BE DISCUSSED, THOSE HAVING THE MOST DIRECT RELEVANCE FOR THE EC ARE: DEVELOPMENT OF NUCLEAR ENERGY; REPROCESSING; PLUTONIUM FAST BREEDER REACTORS; STUDY OF ALTERNATE NUCLEAR FUEL CYCLES AND REACTORS; MULTINATIONAL CENTERS FOR NUCLEAR FUEL CYCLE SERVICES AND WASTE MANAGEMENT; SECURE LONG-TERM AVAILABILITY OF NUCLEAR FUELS AND FUEL CYCLE SERVICES; EXPORT OF SENSITIVE MATERIALS AND TECHNOLOGIES; AND STRENGTHENING OF SECURITY MEASURES.

(B) WHILE THE EC GENERALLY SHARES US NON-PROLIFERATION CONCERNS AND SHOULD ENTER THE DISCUSSIONS WITH AN OPEN MIND, IT SHOULD ALSO DEFEND THE INTERESTS OF THE COMMUNITY AND ITS MEMBER STATES. THESE INTERESTS REFLECT A DIFFERENT SITUATION THAN THAT IN THE U.S. BECAUSE OF EUROPE'S "VERY HEAVY DEPENDENCE ON IMPORTED OIL, ITS LIMITED COAL RESERVES AND LACK OF URANIUM RESERVES." HENCE, IT IS "ESSENTIAL" THAT THE COMMUNITY SHOULD CONTINUE TO HAVE THE RIGHT AND ABILITY TO RECOVER AND RECYCLE USED FUELS. DEVELOPMENT OF FAST BREEDER REACTORS SHOULD ALSO CONTINUE.

(C) PROVISIONS IN THE EUROPEAN COMMUNITY'S TREATIES PROVIDE "INSTRUMENTS AND MEANS OF ACTION" WHICH COULD BE DRAWN ON IN INTERNATIONAL DISCUSSIONS. FOR EXAMPLE,

JOINT UNDERTAKINGS COULD PROVIDE THE LEGAL FRAMEWORK FOR A CONCERTED EFFORT BY EUROPEAN INDUSTRY IN THE FUEL CYCLE AREA AND AT THE SAME TIME MEET "AMERICAN WISHES FOR MULTINATIONAL GROUPINGS IN THIS SECTION."

(D) THE COMMUNITY SHOULD PARTICIPATE AS SUCH IN INTERNATIONAL DISCUSSIONS, "IN ACCORDANCE WITH A SUITABLE PROCEDURE."

(E) JOINT OR COORDINATED EC POSITIONS, AS APPROPRIATE, SHOULD BE ESTABLISHED ON SUBJECTS TO BE CONSIDERED IN THE INTERNATIONAL CONSULTATIONS IN ORDER TO SAFEGUARD THE INTERESTS OF THE COMMUNITY AND ITS MEMBER STATES WITH REGARD TO ENERGY SUPPLIES AND IN ORDER TO MAINTAIN THE CONFIDENTIAL

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"NUCLEAR COMMON MARKET" WHICH "PRESUPPOSES THE ABSENCE OF DISCRIMINATION BETWEEN THE INDUSTRIES OF THE MEMBER STATES."

6. COMMENTS: (A) ALTHOUGH IT CALLS FOR ACTION BY THE EC COUNCIL, THIS COMMUNICATION IS ESSENTIALLY A STATEMENT OF THE COMMISSION'S VIEWS ON NUCLEAR ENERGY MATTERS. IT IS AMBIGUOUSLY DRAFTED, AND IT IS NOT CLEAR WHAT THE COMMISSION IS ASKING THE COUNCIL TO DO.

(B) IT RAISES SEVERAL ISSUES WHICH ARE SENSITIVE IN REGARD TO THE RELATIONS BETWEEN THE MEMBER STATES AND THE COMMISSION.

(C) IT IS NOT UNLIKELY THAT THE EC COUNCIL WILL ACT ON THIS COMMUNICATION AS SUCH IN THE NEAR FUTURE. HINTON

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## Message Attributes

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